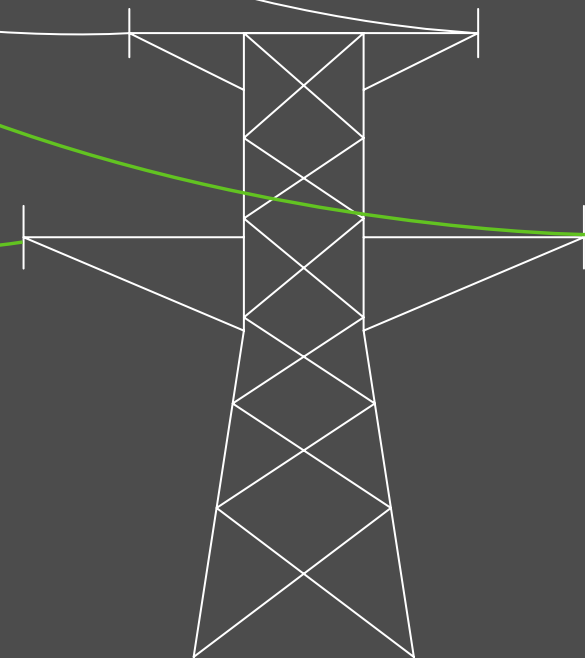


CARUNA ESPOO OY

Financial Statements and Operating and Financial Review

31 December 2022

caruna | We bring electricity to you.



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Operating and Financial Review for 2022 by Caruna Espoo Oy's Board

Caruna Espoo Oy belongs to Caruna Group (Caruna). Caruna Espoo Oy is engaged in regulated electricity distribution network operations and high-voltage electricity distribution network operations on the electricity networks it owns and is a distribution network and high-voltage distribution network company as referred to in the Electricity Market Act, within its area of responsibility.

KEY EVENTS DURING THE FINANCIAL PERIOD

In 2022, Caruna Espoo Oy's customer base rose to 238 (230) thousand customers.

Caruna's operating environment deteriorated in 2022 due to the extraordinary tightening measures taken by the regulator in the middle of the regulatory period and a general increase in costs due to the energy crisis triggered by the Ukraine war. The war in Ukraine has not had a direct financial impact on Caruna's business. The indirect impacts have been significantly higher raw material, electricity and construction costs and a shortage of components.

In November, the cost rises prompted

Caruna Espoo Oy to announce increase prices as of 1 January 2023. The post-tax prices for Caruna Espoo Oy's customers (Espoo, Kauniainen, Kirkkonummi and the centre of Joensuu) will rise by an average of approximately 2.9 per cent.

During the year, the electricity supply volume in the distribution network decreased to 3.0 (3.1) TWh. The electricity supply volume on the high-voltage distribution network remained unchanged at 0.1 (0.1) TWh. The reliability of supply rate was 99.99 (99.99) per cent.

Caruna's CFO, Jyrki Tammivuori, was appointed CEO of the company on 13 May 2022.

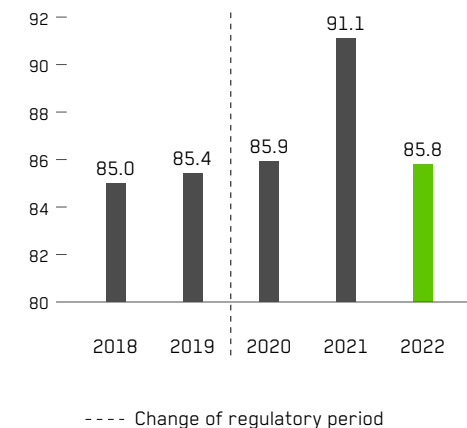
Jyrki Tammivuori was the company's acting CEO from 23 March to 12 May 2022. Tomi Yli-Kyyny was the company's CEO until 23 March 2022. The company's SVP People, Public Affairs & Regulation, Noora Neilimo-Kontio, was appointed as Caruna's CFO and deputy CEO on 13 June 2022.

FINANCIAL DEVELOPMENT

Caruna Espoo Oy's net sales in 2022 amounted to EUR 85.8 (91.1) million. Net sales decreased by EUR 5.3 million (5.8 per cent) year-on-year due to lower distribution volumes. Caruna Espoo Oy's net sales comprises of electricity distribution sales and connection fees. The electricity distribution sales decreased by EUR 5.6 million to the comparison year. The Ukraine war caused the energy crisis which sparked the energy prices in 2022. As a result, energy consumption decreased especially during the second half of the year. The decrease in electricity consumption decreased Caruna's electricity distribution sales by EUR 1.6 million. Year 2022 was colder than the comparison year which lowered Caruna's net sales by EUR 1,0 million. Caruna Espoo Oy decreased its distribution prices in 1 November 2021. This resulted in a EUR 3,0 million decrease in the Group's net sales compared to the previous year. Connection fees increased by EUR 0.3 million compared to the previous year.

NET SALES

EUR million



Direct costs, consisting of grid loss electricity purchases and grid service fees, were EUR 18.4 (20.3) million. The challenging geopolitical situation raised electricity market prices during 2022 increasing the cost of grid losses by EUR 1.1 million compared to 2021. Costs of grid losses were compensated by metering corrections with reference to previous years by EUR 1.0 million. Caruna Espoo Oy hedged its purchases of grid losses in 2022 by entering into physical power purchase agreements.

The grid service fees decreased by EUR 2.1 million. Lower supply volumes in the distribution network and the high-voltage distribution network reduced the grid service fees. In addition, the transmission system operator Fingrid did not charge distribution system operators for grid service fees in December.

Operating expenses, including external services, personnel costs, and other operating expenses, were EUR 22.9 (22.8) million,

which is approximately the same as in the comparison period. Depreciation, amortisation, and impairment charges amounted to EUR 17.3 (17.6) million.

The company's operating profit was EUR 28.2 (31.7) million, and the profit for the financial period was EUR 0.0 (0.1) million. The company paid a group contribution of EUR 4.5 (21.9) million to its parent company, Caruna Networks Oy.

BUSINESS ACTIVITIES

Caruna Espoo Oy has approximately 8,200 kilometres of electricity network in its operating areas of Espoo, Kauniainen, Kirkkonummi and the City of Joensuu. In 2022, Caruna Espoo Oy's customer base rose to 238 (230) thousand customers. A total of 600 (800) new connection contracts were signed.

Caruna's operating environment deteriorated in 2022 due to the extraordinary tightening measures taken by the regulator in the middle of the regulatory period and a general increase in costs due to the energy crisis triggered by the Ukraine war.

The costs of raw materials, electricity and construction rose substantially. Electricity network construction costs rose by more than 10 per cent, and the costs of energy losses increased by over 30 per cent in 2022 compared with the previous year. Also, a shortage of components forced changes to the timetables of electricity network projects.

In November, the cost rises prompted Caruna Espoo Oy to announce increase prices as of 1 January 2023. The post-tax prices for Caruna Espoo Oy's customers (Espoo, Kauniainen, Kirkkonummi and the centre of Joensuu) will rise by an average of approximately 2.9 per cent.

The reliability of the electricity supply is measured by the System Average Interruption Duration Index (SAIDI). The average interruption

time in Caruna Espoo Oy's electricity distribution (SAIDI) was 24 (21) minutes per customer in 2022, and the reliability of the electricity supply was 99.99 (99.99) per cent. The System Average Interruption Frequency Index (SAIFI) was 0.5 (0.6) interruptions per customer.

The number of small-scale solar energy producers increased by 3,100 (1,800) in 2022*

In June, Fortum announced its intention to work with Caruna Espoo Oy on the implementation of an entirely new electric boiler concept for domestic district heating production at the Suomenoja plant site in Espoo. Caruna Espoo Oy will supply the project with a dynamic electricity connection – the first of its kind in Finland. The project will also use a new way of ensuring adequate capacity in the electricity network, as the electricity required by the electric boiler can be regulated flexibly. The need for flexibility is constantly increasing as the production volumes of wind and solar energy will increase in the future.

The company aims to modernise its electricity network over the long term in line with the needs of its customers and the energy transition. In the coming years, this will require investments in electricity network development and capacity increases, especially in the high-voltage electricity network.

Electricity networks are the key enablers of the energy transition. Society will become even more dependent on electricity as emissions are reduced

FINANCIAL KEY FIGURES

	2022	2021	2020
Net sales (EUR million)	85.8	91.1	85.9
Operating profit (EUR million)	28.2	31.7	28.0
Operating profit (% of net sales)	32.8	34.8	32.6
Profit for the period (EUR million)	0.0	0.1	0.2
Investments (EUR million)	31.8	35.5	21.4
Return on equity (%)	14.9	18.4	16.2
Equity ratio (%)	52.0	48.8	49.7

and digitalisation advances. The growing demand for electricity will be met with renewable energy, which will require continuous investments in the electricity system to ensure sufficient capacity.

The planning of a new underground cable connection between Hepokorpi and Finnoo in Espoo continued. The timetable for the project's permit applications is critical because Caruna aims to complete the project in 2025 or 2026. The new connection will increase the electricity transmission capacity in South Espoo and enable the electrification of transport and heating, among other things. The estimated cost of the project is approximately EUR 27 million.

Caruna Espoo Oy supplied six medium-voltage connections to the Jokeri Light Rail project in Espoo. Each connection has a capacity of 1.8 MVA. The connections were completed by the end of the year.

The new Sinimäki substation in Espoo was commissioned in November. The new Sinimäki substation will directly serve about 15,000 customers and indirectly distribute electricity to approximately 140,000 customers. To meet the growing demand for electricity, an underground cable was installed during the project to connect

the primary substations in Leppävaara and Sinimäki.

The drafts of Caruna Espoo Oy's development plan for the electricity distribution network were on display for customers in the spring. Customers gave feedback on plans for adopting electric cars and solar panels, the opportunity for flexible electricity consumption, and customers' views on the reliability of the existing network and the necessary development. The final development plans and customer feedback summaries were published on Caruna's website in August.

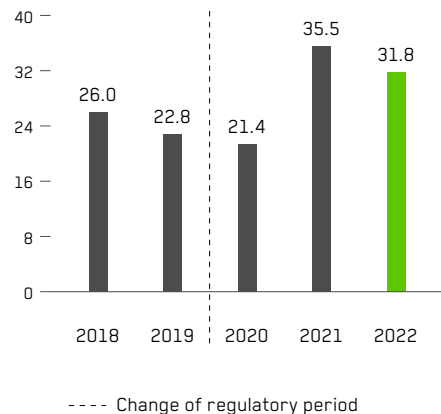
Caruna Espoo Oy's investments during the financial period amounted to EUR 31.8 (35.5) million. Construction and raw material costs increased in 2022.

It was necessary to postpone electricity network modernisation projects until the years ahead due to the rises in costs and challenges in component availability. As a result of the above, investments in 2022 were EUR 3.7 million lower than in the comparison year.

In 2022, investments were targeted at urban areas where the customer benefits from investments are significant due to the large number of customers.

INVESTMENTS

EUR million



RESEARCH AND DEVELOPMENT

Caruna Espoo Oy had no research and development activities between 2020 and 2022.

PERSONNEL

The average number of personnel employed by the company during the financial period was 5 (2021: 6 and 2020: 7). At the end of the year, there were 5 (2021: 5 and 2020: 6). During the financial year, the company paid EUR 0.5 (2021: 0.5 and 2020: 0.5) million in wages and salaries.

Caruna Group conducted change negotiations in spring 2022. The negotiations did not result in any redundancies at Caruna Espoo Oy.

More information on employees can be found in the corporate responsibility section of Caruna Group's annual report published at caruna.fi/en.

RISKS

Risk management is a part of Caruna's internal control system, and Caruna regularly assesses the strategic, operational, and financial risks facing the Group. Risk management strives to ensure that any risks affecting the Group's business operations are identified, managed and monitored. The Group has taken out appropriate insurance policies that provide comprehensive cover for its operations.

Strategic risks

Strategic risks include, among others, regulatory risk, that is, harmful and negative impacts on the regulatory environment, challenges in the operating environment, and the availability of financing and competent resources.

Operational risks

The most significant risks to operations are related to abnormal weather conditions, supplier risk and safety. For example, abnormal weather conditions may affect the reliability of the distri-

bution network. The key means of preventing interruptions are to replace overhead lines with underground cables, manage forests near overhead lines, and develop remote network control. Information security threats increased in 2022. Caruna's activities have adjusted to this change in the operating environment. The operational risks are described in more detail in Caruna's annual report [caruna.fi](https://www.caruna.fi).

Financial risks

Liquidity risk

As part of Caruna Group, Caruna Espoo Oy utilises the corporation's committed credit limits and other credit facilities that it can use to balance liquidity in addition to funds from operations.

Credit risk

Caruna Group's policies determine the credit rating requirements for customers and derivative financial instrument counterparties, as well as the investment transaction principles. A customer's supply or connection contract can include collateral or advance payment to cover any contractual amounts that remain outstanding. Collateral hedges against potential credit losses, and the accumulation of credit losses is closely monitored. Credit losses amounted to EUR 0.2 (0.1) million in 2022.

Price risk

If needed, price risks related to loss of electricity purchases are hedged by signing physical electricity purchase agreements.

GOVERNANCE

General meetings

Caruna Espoo Oy's Annual General Meeting was held on 24 March 2022. The meeting approved the financial statements for 2021, adopted the company's income statement and balance sheet, and discharged the members of the Board of Directors and the CEO from liability. The meeting decided not to pay a dividend.

Caruna Espoo Oy held an Extraordinary General Meeting on 14 November 2022. The Extraordinary General Meeting decided on amendments to the Articles of Association.

Board of Directors

The General Meeting appoints the members of the Board of Directors for a term of office commencing at the Annual General Meeting and ending at the next Annual General Meeting.

The Board convened 12 times during the financial period. At the end of 2022, Caruna Espoo Oy's Board of Directors consisted of Matti Ruotsala (Chair), James Adam, Jouni Grönroos, Kerron Lezama (until 15 December 2022), Fredrik Lundeborg

and Laura Tarkka. The deputy members were Filip Szopa (from 24 March 2022) and Charles Thomazi.

Auditors

At Caruna Espoo Oy's Annual General Meeting 2022, audit firm Deloitte Oy was elected as auditor. Jonas Vuorela, Authorised Public Accountant, was the auditor with principal responsibility.

SHARES AND OWNERSHIP

The company has 10,000,000 shares, each carrying an equal right to a dividend and to the company's assets. Each share entitles its holder to one vote at a General Meeting.

KEY EVENTS AFTER THE FINANCIAL PERIOD

In relation to the appeal that the energy industry brought to the Market Court in January 2022 concerning the Energy Authority's changes to the regulatory methods midway through the regulatory period, the Market Court decided in February to seek a preliminary ruling from the Court of Justice of the European Union (CJEU) concerning the authority's independence. If the CJEU decides to consider a preliminary ruling, the process will take about one year longer.

ESTIMATE OF PROBABLE FUTURE DEVELOPMENTS

Caruna Espoo Oy operates as part of Caruna Group and within the framework of the electricity distribution industry in a regulated operational environment. Caruna Networks Oy will continue to operate as the parent company, offering administrative services to the other companies in the Group, along with other services to support electricity distribution for customers and partners. The operations are expected to continue in accordance with normal business principles and conditions.

Since 2013, Caruna Espoo Oy has systematically implemented a large-scale investment programme to improve the security of supply. The focus of network development will shift to enabling the energy transition when the security of supply criteria has been satisfied. Annual investments will increase as the energy transition progresses in response to customer needs. The Energy Authority continued developing the regulatory model that will enter into force in 2024 with the aim of achieving effective regulation that supports society. The continuation of the war in Ukraine has changed the energy system's production structure. This makes it difficult to ensure sufficient electricity production in Finland at all times. Caruna Espoo Oy takes care of electricity distribution for its customers who are critical to the security of supply. If

there is a shortage of electricity production, Caruna Espoo Oy manages electricity shortage evenly among its customers.

As a result of the energy crisis following the war in Ukraine, Caruna Espoo Oy's purchasing costs for grid losses will increase in 2023 compared to 2022. In 2022, the increase in the market price of electricity was not reflected in Caruna Espoo Oy's results due to successful hedging. No such hedging benefit is expected in 2023. Investment costs are expected to rise further in 2023, which will have an impact on initiating new investments. Cost increases are expected to level off in the long term. Caruna Espoo Oy aims to offer reasonable pricing, despite the significant changes taking place in the operating environment.

The electricity network is being developed in the most cost-effective way based on life-cycle costs, for example, by examining the opportuni-

ties to use battery storage facilities and demand-side management to cover rapidly changing customer requirements. As a pioneer, Caruna aims to promote the increase of renewable energy production in society and the electrification of transport in order to achieve Finland's carbon neutrality goals by 2035. The electricity network will be developed into a reliable platform on which these solutions can be rapidly and efficiently deployed.

BOARD OF DIRECTORS' PROPOSAL FOR DIVIDEND DISTRIBUTION

Caruna Espoo Oy's distributable unrestricted equity totals EUR 16,797,262.64. The company's profit for the financial period was EUR 47,771.49. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2022 and that the profit for the period be transferred to retained earnings.

Formulas for key figures

Key figure	Formula
Operating profit-%	$\frac{\text{Operating profit} \times 100}{\text{Net sales}}$
Return on equity-%	$\frac{(\text{Profit/Loss before taxes} - \text{taxes}) \times 100}{\text{Equity (average for the period)}}$
Equity ratio-%	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
	Connection fees and accumulated depreciation differences less deferred tax liabilities are added to equity when calculating the figures.
SAIDI	$\frac{\text{Average duration of customer interruptions by their total number}}{\text{Total number of customers}}$
SAIFI	$\frac{\text{Total number of customers interrupted by an outage}}{\text{Total number of customers}}$
The reliability of supply rate	$\frac{\text{SAIDI}}{\text{Minutes/Year}}$

Profit and loss statement

EUR	Note	1 January 2022- 31 December 2022	1 January 2021- 31 December 2021
Net sales	3	85,779,275.18	91,083,099.11
Capitalised own work		43,994.00	56,937.00
Other operating income	4	850,245.17	1,197,706.12
Materials and supplies	5	-22,694,017.40	-24,412,831.29
Personnel expenses	6	-569,614.71	-645,578.15
Depreciation and impairment	7	-17,262,544.03	-17,565,340.38
Other operating expenses	8	-17,974,599.21	-18,030,240.98
Operating profit		28,172,739.00	31,683,751.43
Finance income and costs	9	-3,190,970.98	-2,808,260.47
Profit before appropriations and taxes		24,981,768.02	28,875,490.96
Appropriations	10	-24,928,058.26	-28,791,537.66
Income taxes	11	-5,938.27	-16,777.03
Profit for the period		47,771.49	67,176.27

Balance sheet

EUR	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets	12		
Intangible assets		2,070,335.05	2,508,850.83
Tangible assets		303,710,758.28	288,701,687.51
Total non-current assets		305,781,093.33	291,210,538.34
Current assets			
Current receivables	13	23,734,122.33	26,059,735.26
Cash and cash equivalents	14	8,700,000.00	9,200,000.00
Total current assets		32,434,122.33	35,259,735.26
Total assets		338,215,215.66	326,470,273.60

EUR	Note	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity	15		
Share capital		4,000,000.00	4,000,000.00
Retained earnings (cumulative profit)		16,749,491.15	16,682,314.88
Profit for the financial year		47,771.49	67,176.27
Total equity		20,797,262.64	20,749,491.15
Appropriations	16	116,887,733.01	96,459,674.75
Provisions	17	101,770.11	124,352.41
Liabilities			
Non-current liabilities	19	165,575,796.05	143,786,183.43
Current liabilities	20	34,852,653.85	65,350,571.86
Total liabilities		200,428,449.90	209,136,755.29
Total equity and liabilities		338,215,215.66	326,470,273.60

Cash flow statement

EUR	1 January 2022- 31 December 2022	1 January 2021- 31 December 2021
Cash flows from operating activities		
Profit before appropriations and taxes	24,981,768.02	28,875,490.96
Finance income and costs	3,190,970.98	2,808,260.47
Adjustments to operating profit:		
Depreciation and impairment	17,262,544.03	17,565,340.38
Gains on sale of fixed assets	-	8,513.76
Other non-cash adjustments	79,784.62	21,985.49
Changes in working capital		
Increase (-)/decrease (+) in trade and other current receivables	2,337,962.50	1,052,313.95
Increase (+)/decrease (-) in current liabilities	-4,311,294.45	5,832,428.00
Changes in working capital total	-1,973,331.95	6,884,741.95
Interest and other finance costs paid	-3,600,211.72	-3,018,440.63
Interest received	29,537.00	30,843.87
Income taxes paid	-49,923.50	-41,509.30
Cash flows from operating activities	39,921,137.48	53,135,226.95

EUR	1 January 2022- 31 December 2022	1 January 2021- 31 December 2021
Cash flows from investments		
Purchase of tangible and intangible items	-32,117,375.44	-34,556,558.23
Gains on disposals of tangible and intangible assets	-	250,000.00
Change in cash pool account	-8,303,762.04	11,271,331.28
Cash flows from investments	-40,421,137.48	-23,035,226.95
Cash flows from financing activities		
Group contribution paid	-	-29,500,000.00
Cash flows from financing activities	-	-29,500,000.00
Net increase in cash and cash equivalents	-500,000.00	600,000.00
Cash and cash equivalents as at 1 Jan	9,200,000.00	8,600,000.00
Cash and cash equivalents as at 31 Dec	8,700,000.00	9,200,000.00

Notes

1. ACCOUNTING PRINCIPLES

The financial statements of Caruna Espoo Oy have been prepared in accordance with Finnish Accounting Standards and other regulation and legislation governing preparing of financial statements.

1.1 NET SALES

The revenue includes mainly income from transmission and distribution of electricity. The revenue from distribution of electricity is recognised at delivery.

Energy Authority regulates the price charged from customers for the distribution of electricity in Finland. Any over or under income decided by the regulatory body is credited or charged over several years in the future to the customer using the electricity connection at that time.

The fees paid by a customer when connected to the electricity network are recognised as revenue in net sales. Connection fees paid by customers when connected to the electricity network before 2003 are refundable in Finland if the customer should ever disconnect the initial connection. These connection fees have not been

recognised in the income statement and are included in other non-current liabilities in the balance sheet.

1.2 REASONABLENESS OF THE PRICING OF NETWORK SERVICE

The Finnish Energy Authority confirms principles for the pricing of transmission services and supervises the reasonableness of the pricing of network service. The length of the supervision period is four years. The decisions are issued after the end of each supervision period. Energy Authority confirms the possible over/under income with a separate supervision decision. Over income and possible interest need to be considered in pricing in the following supervision period and under income could be considered in pricing decisions. According to KILA statement, accounting treatment of over income determined by the Electricity Market Act (1957/2016) and the guidelines from Energy Authority, Caruna Espoo Oy has not accrued the possible income because it is not confirmed yet. The current supervision period includes years 2020-

2023 and the outcome of the supervision period is confirmed in 2024.

1.3 OTHER OPERATING INCOME

Proceeds from sales of assets and activities outside normal operations is reported in other operating income. This includes recurring items such as rental income and customer-based services. Customer-based services include ig. relocation fees, connections and meterings in construction sites, installation of new meters, connections and disconnections.

1.4 OUTAGE FEE

Outage fees to customers, in compliance with the Electricity Market Act, for disruptions in electricity distribution lasting longer than 12 hours are recorded as other operating expenses in the statement of profit or loss.

1.5 FOREIGN CURRENCY ITEMS

Transactions in foreign currencies are recorded at the exchange rates prevailing at the transaction dates. Foreign currency receivables and liabilities are converted into euros using the exchange rates prevailing on the balance sheet date. Exchange rate differences arising from operations are recorded to adjust income or costs in the profit and loss statement depending on the nature of the item in question. Exchange rate differences arising from financial items are

recorded in the finance income and costs in the profit and loss statement.

1.6 BASIS OF MEASUREMENT OF NON-CURRENT ASSETS

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Both intangible and tangible assets are depreciated according to plan over the assets' useful life.

Depreciation periods:

Buildings and structures	20-40 years
Transmission and distribution network	15-40 years
Other machinery and equipment	3-12 years
Wayleave compensations	35 years
Intangible assets	5-10 years

Research and development costs are recognised as an expense in the year in which they are incurred.

Wayleave compensations are one-time compensations paid to the landowners on harm and damage caused by Caruna Espoo Oy's electricity network and equipment. Caruna Espoo Oy records the paid compensations to the intangible assets in the balance sheet and depreciates them in 35 years.

1.7 INCOME TAXES

Income taxes recognised in the profit or loss statement includes both taxes from reporting period and possible adjustment to prior periods.

Deferred taxes are provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised

Deferred tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are not recorded in the profit and loss statement or balance sheet but rather presented in the notes.

1.8 PENSIONS

The pension coverage for employees is provided through insurance policies taken out with a pension institution. The statutory pension expenses are recognised as expenses in the year they are incurred.

1.9 PROVISIONS

Provisions are recognised when Caruna Espoo Oy has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognised as an expense in the statement of profit or loss.

2. Group information

Caruna Espoo Oy is consolidated in Suomi Power Networks TopCo B.V. group's sub group Caruna Networks Oy. Caruna Networks Oy owns 100 per cent of Caruna Espoo Oy's shares.

Suomi Power Networks TopCo B.V. and Caruna Networks Oy prepare consolidated financial statements according to IFRS. The financial statements are available at the companies' head offices. Suomi Power Networks TopCo B.V. has a registered office in Luna Arena, Herikerbergweg 112, 1101 CM Amsterdam, The Neth-

erlands. Caruna Networks Oy has a registered office in Upseerinkatu 2, Espoo, Finland.

The shareholders of Caruna Espoo Oy through Suomi Power Networks TopCo B.V. are the international infrastructure investors KKR (40 per cent), Ontario Teachers' Pension Plan OTPP (40 per cent) and the Swedish pension insurance company AMF (12.5 per cent) and the domestic pension insurance company Elo (7.5 per cent).

3. Net sales

EUR	2022	2021
Distribution sales		
Distribution network	77,816,676.81	83,103,797.87
High-voltage network	2,445,222.42	2,784,209.26
Total	80,261,899.23	85,888,007.13
Connection fees		
Distribution network	5,466,831.98	5,195,091.98
Total	5,466,831.98	5,195,091.98
Other net sales	50,543.97	-
Total	85,779,275.18	91,083,099.11

4. Other operating income

EUR	2022	2021
Customer based services and relocation of connections	691,916.19	930,475.11
Rental income	8,372.50	15,217.03
Income from sale of scrapped material	149,956.48	252,013.98
Total	850,245.17	1,197,706.12

5. Materials and supplies

EUR	2022	2021
Raw materials and consumables		
Grid service fees	-5,166,428.32	-5,062,083.42
Grid losses	-13,204,690.52	-15,264,597.25
Total	-18,371,118.84	-20,326,680.67
External services	-4,322,898.56	-4,086,150.62
Total	-22,694,017.40	-24,412,831.29

Grid service fees include grid services fees from the Transmission Network company Fingrid. The grid service fees vary based on the distributed electricity volume. Fingrid didn't charge any grid service fees from the distribution companies in December 2022. The grid service fees decreased by EUR 2.1 million.

Caruna covers grid losses in the electricity network by buying electricity from the markets.

The challenging geopolitical situation raised electricity market prices during 2022 increasing the cost of grid losses by EUR 1.1 million compared to 2021. Costs of grid losses were compensated by metering corrections with reference to previous years by EUR 1.0 million. Electricity purchases are hedged by making physical electricity purchase agreements.

6. Personnel and other personnel related expenses

PERSONNEL EXPENSES

EUR	2022	2021
Wages and salaries	-473,691.15	-529,709.47
Indirect personnel expenses		
Pension expenses	-82,888.35	-100,300.19
Other personnel expenses	-13,035.21	-15,568.49
Total	-569,614.71	-645,578.15
	2022	2021
Average number of personnel during the period	5	6

There were change negotiations in Caruna Group during spring 2022. As a result, no redundancies were made in Caruna Espoo Oy.

7. Depreciation and impairment

EUR	2022	2021
Depreciation according to plan	-16,686,058.41	-16,507,075.43
Scrappings	-576,485.62	-1,058,264.95
Total	-17,262,544.03	-17,565,340.38

8. Other operating expenses

EUR	2022	2021
Rents	-102,776.21	-169,692.76
Losses from sales of fixed assets	-	-8,513.76
Other services	-531,110.64	-399,051.59
Other expenses	-17,340,712.36	-17,452,982.87
Total	-17,974,599.21	-18,030,240.98

AUDITOR'S FEES, DELOITTE OY, AUDIT FIRM

EUR	2022	2021
Audit fees	-31,600.00	-45,000.00
Total	-31,600.00	-45,000.00

9. Finance income and costs

EUR	2022	2021
Other interest and finance income		
Group companies	9,546.52	745.17
Others	21,352.80	37,798.52
Total finance income	30,899.32	38,543.69
Interest expenses and other finance costs		
Group companies	-3,693,534.80	-3,036,521.28
Others	-4,356.50	-2,259.88
Capitalised borrowing costs	476,021.00	191,977.00
Total finance costs	-3,221,870.30	-2,846,804.16
Total	-3,190,970.98	-2,808,260.47

10. Appropriations

EUR	2022	2021
Group contribution given	-4,500,000.00	-21,900,000.00
Difference between depreciation according to plan and tax depreciation	-20,428,058.26	-6,891,537.66
Total	-24,928,058.26	-28,791,537.66

11. Income taxes

EUR	2022	2021
Income taxes from group contributions	900,000.00	4,380,000.00
Income taxes from ordinary activities	-905,938.27	-4,396,777.03
Total	-5,938.27	-16,777.03

12. Non-current assets

INTANGIBLE ASSETS

EUR	Way leaves	Other non-current expenditure	Total
Acquisition cost 1 Jan 2022	2,235,980.32	35,018,588.62	37,254,568.94
Transfers	285,036.00	40,776.90	325,812.90
Disposals	-6,162.50	-	-6,162.50
Acquisition cost 31 Dec 2022	2,514,853.82	35,059,365.52	37,574,219.34
Accumulated depreciations and impairments 1 Jan 2022	-713,513.48	-34,032,204.63	-34,745,718.11
Accumulated amortisation relating to disposals and transfers	6,162.50	-	6,162.50
Depreciation for the period	-66,421.52	-694,517.62	-760,939.14
Write-downs	-3,389.54	-	-3,389.54
Accumulated depreciations and impairments 31 Dec 2022	-777,162.04	-34,726,722.25	-35,503,884.29
Carrying amount 31 Dec 2022	1,737,691.78	332,643.27	2,070,335.05
Carrying amount 31 Dec 2021	1,522,466.84	986,383.99	2,508,850.83

TANGIBLE ASSETS

EUR	Land	Buildings	Machinery and equipment	Transmission and distribution network	Prepayments and construction in progress	Total
Acquisition cost 1 Jan 2022	1,421,165,23	9,745,473,31	2,171,219,25	472,038,874,19	22,663,853,56	508,040,585,54
Additions	-	-	-	-	31,833,098,56	31,833,098,56
Transfers	-	5,218,265,00	766,252,02	34,856,824,41	-41,167,153,87	-325,812,44
Disposals	-	-	-	-1,750,297,83	-	-1,750,297,83
Acquisition cost 31 Dec 2022	1,421,165,23	14,963,738,31	2,937,471,27	505,145,400,77	13,329,798,25	537,797,573,83
Accumulated depreciations and impairments 1 Jan 2022	-	-7,811,706.84	-1,595,099.14	-209,932,092.05	-	-219,338,898.03
Accumulated depreciation relating to disposals	-	-	-	1,750,297.83	-	1,750,297.83
Depreciation for the period	-	-231,793.06	-261,376.62	-15,431,949.59	-	-15,925,119.27
Write-downs	-	-	-	-573,096.08	-	-573,096.08
Accumulated depreciations and impairments 31 Dec 2022	-	-8,043,499.90	-1,856,475.76	-224,186,839.89	-	-234,086,815.55
Carrying amount 31 Dec 2022	1,421,165.23	6,920,238.41	1,080,995.51	280,958,560.88	13,329,798.25	303,710,758.28
Carrying amount 31 Dec 2021	1,421,165.23	1,933,766.47	576,120.11	262,106,782.14	22,663,853.56	288,701,687.51
Carrying amount of machinery and equipment used for production						
31 Dec 2022						280,958,560.88
31 Dec 2021						262,106,782.14

EUR	2022	2021
Total non-current assets	305,781,093.33	291,210,538.34

13. Current receivables

EUR	2022	2021
Trade receivables	22,368,950.66	25,989,626.70
Prepayments and accrued income		
Indirect personnel expenses	-	64.47
Income tax receivables	64,343.04	20,357.81
Other prepayments and accrued income	2,059.96	878.20
Total	66,403.00	21,300.48
Receivables from group companies		
Receivables from the cash pool account	10,138.99	41,775.65
Trade receivables	86,450.64	7,032.43
Other prepayments and accrued income	1,202,179.04	-
Total receivables from group companies	1,298,768.67	48,808.08
Total current receivables	23,734,122.33	26,059,735.26

Receivables from to group companies include cash pool account of EUR 10 138,99 (41,775.65). The company's option to reclaim these resources

is limited to other cash pool account balances by other group companies.

14. Cash and cash equivalents

EUR	2022	2021
OP Corporate Bank Plc	8,700,000.00	9,200,000.00

15. Equity

EUR	2022	2021
Restricted equity		
Share capital 1 Jan.	4,000,000.00	4,000,000.00
Share capital 31 Dec.	4,000,000.00	4,000,000.00
Total restricted equity	4,000,000.00	4,000,000.00
Unrestricted equity		
Retained earnings 1 Jan.	16,749,491.15	16,682,314.88
Retained earnings 31 Dec.	16,749,491.15	16,682,314.88
Profit for the period	47,771.49	67,176.27
Total unrestricted equity	16,797,262.64	16,749,491.15
Total equity	20,797,262.64	20,749,491.15

DISTRIBUTABLE UNRESTRICTED EQUITY

EUR	2022	2021
Retained earnings	16,749,491.15	16,682,314.88
Profit for the period	47,771.49	67,176.27
Total	16,797,262.64	16,749,491.15

16. Appropriations

EUR	2022	2021
Accumulated depreciation difference	116,887,733.01	96,459,674.75

17. Provisions

EUR	2022	2021
Other provisions	101,770.11	124,352.41

18. Deferred tax liabilities

EUR	2022	2021
From appropriations	23,377,546.60	19,291,934.95

Deferred tax liabilities are only recognised in group accounts.

19. Non-current liabilities

EUR	2022	2021
Liabilities to group companies		
Loans from group companies	104,323,408.00	82,423,408.00
Connection fees	61,252,388.05	61,362,775.43
Total non-current liabilities	165,575,796.05	143,786,183.43

MATURITY OF NON-CURRENT LIABILITIES

EUR	2022
2023	-
2024	-
2025	-
2026	-
2027 and later	165,575,796.05
Total	165,575,796.05

20. Current liabilities

EUR	2022	2021
Trade payables	6,144,931.75	8,965,887.95
Other current liabilities	10,624,941.10	11,964,569.51
Accrued expenses		
Accrued employee expenses	156,311.48	165,120.09
Other accrued expenses and deferred revenue	93,953.64	791,223.11
Accrued expenses total	250,265.12	956,343.20
Liabilities to group companies		
Group contribution liability	4,500,000.00	21,900,000.00
Accrued expenses		
Cash pool payables	11,980,658.34	20,316,057.04
Accrued interest expenses	673,471.89	577,153.63
Other accrued expenses	678,385.65	670,560.53
Liabilities to group companies total	17,832,515.88	43,463,771.20
Total current liabilities	34,852,653.85	65,350,571.86
Interest-bearing liabilities	116,304,066.34	102,739,465.04
Interest-free liabilities	84,124,383.56	106,397,290.25
Total	209,428,449.90	209,136,755.29

Cashpool payables of EUR 11 980 658,34 (20,316,057.04) are part of the group cash pool arrangements and the company's option to

reclaim these resources is limited to other cash pool account balances by other group companies.

21. Commitments and contingent liabilities

EUR	2022	2021
Other leases		
Payable during one year	153,806.92	168,076.86
Payable after one year	816,425.72	892,172.30
Total	970,232.63	1,060,249.16
Other commitments		
Pledges and other assets given on behalf of group companies		
Floating charges	2,220,000,000.00	2,220,000,000.00
Pledges given	2,600,316,894.80	2,611,219,318.38
Mortgages	8,341,403.64	3,354,931.70
Total	4,828,658,298.44	4,834,574,250.08

Caruna Espoo Oy has given guarantees and security for the obligations of other group companies as well as Caruna Networks B.V. and Suomi Power B.V. under the finance documents. This guarantee and security liability has expressly not been assumed by Caruna Espoo Oy to the extent such assumption would constitute unlawful distribution of assets within the meaning of Chapter 13, Section 1 of the

Finnish Companies Act, unlawful financial assistance within the meaning of Chapter 13, Section 10 of the Finnish Companies Act or be otherwise in breach of any other applicable mandatory provisions of Finnish law.

The cash pool accounts of the group and other bank accounts have been pledged as mortgage for loans.

CAPITAL COMMITMENTS

EUR	2022	2021
Property, plant and equipment	63,073,447.61	61,853,411.82
Total	63,073,447.61	61,853,411.82

OTHER PURCHASE COMMITMENTS

EUR	2022	2021
Electricity purchase commitments	9,662,060.53	2,002,227.75
Total	9,662,060.53	2,002,227.75

REAL ESTATE INVESTMENTS

The company has made real estate investments defined in VAT legislation. Related review periods, VAT included in the investment, VAT deducted

from the construction cost and amount subject to annual review are presented in the table below.

10 YEAR REVIEW PERIOD

EUR	2014	2015	2016	2017	2018	2019	2020	2021	2022
Last review period	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cost on real estate investment (net)	8,870,396.17	8,893,562.47	14,681,379.45	14,134,550.72	12,876,654.84	12,094,736.81	17,075,130.56	16,501,528.20	24,708,792.86
VAT on real estate investment	2,128,895.08	2,134,454.99	3,523,531.07	3,392,292.17	3,090,397.16	2,902,736.83	4,098,031.33	3,960,366.77	5,930,110.29
Net of VAT	2,128,895.08	2,134,454.99	3,523,531.07	3,392,292.17	3,090,397.16	2,902,736.83	4,098,031.33	3,960,366.77	5,930,110.29
Amount on annual review	212,889.51	213,445.50	352,353.11	339,229.22	309,039.72	290,273.68	409,803.13	396,036.68	593,011.03
Contingent liability subject to review 31 Dec 2022	212,889.51	426,891.00	1,057,059.32	1,356,916.87	1,545,198.58	1,741,642.10	2,868,621.93	3,168,293.41	5,337,099.26
(Left at 31 Dec 2022)	(1/10)	(2/10)	(3/10)	(4/10)	(5/10)	(6/10)	(7/10)	(8/10)	(9/10)

Contingent liability subject to review

Contingent liability subject to review 31 Dec 2022	17,714,611.98
Contingent liability subject to review 31 Dec 2021	17,648,416.25

22. Related party transactions

Group's related parties include subsidiaries, board of directors, CEO, members of the managements team and family members of these

all before mentioned. There were no significant transactions with persons included in the related parties.

23. Information required by Electricity Market Act

The company operates as a holder of a network as defined in Electricity Market Act.

DIFFERENTIATED OPERATIONS

The degree of the company operations that are not related to network operations is so low, that they have not been differentiated. Below is presented profit and loss statement and balance sheet for network operations as required by the Electricity Market Act.

PROFIT AND LOSS STATEMENT FOR NETWORK OPERATION

(in EUR thousands)	1 January 2022– 31 December 2022	1 January 2021– 31 December 2021
NET SALES		
Work performed for own use	44	57
Other operating income	850	1,198
Materials and supplies		
Raw materials and consumables		
Purchases during the period		
Loss electricity	-5,166	-5,062
External services		
Fees paid for grid and network services	-13,204	-15,265
Other external services	-4,384	-4,204
Personnel expenses		
Wages and salaries	-474	-530
Social security expenses		
Pension expenses	-83	-100
Other social security expenses	-13	-15
Depreciation and impairment		
Depreciation according to plan		
On electricity network assets	-16,527	-16,613
On other non-current assets	-735	-952
Other operating expenses		
Rental expenses	-103	-170
Other operating expenses	-17,811	-17,743
Operating profit	28,173	31,684

(in EUR thousands)	1 January 2022– 31 December 2022	1 January 2021– 31 December 2021
Finance income and costs		
Other interest and finance income		
From group companies	-	-
From others	30	31
Interest and finance costs		
To group companies	-3,694	-3,037
To others	473	197
Profit before appropriations and taxes	24,982	28,875
Appropriations		
Group contributions	-4,500	-21,900
Change in depreciation difference		
Change in depreciation difference on electricity network assets	-19,862	-6,749
Change in depreciation difference on other non-current assets	-566	-142
Income taxes	-6	-17
Profit for the period	48	67

BALANCE SHEET FOR NETWORK OPERATION

(in EUR thousands)	31 December 2022	31 December 2021
ASSETS		
Non-current assets		
Intangible assets		
Intangible assets of electricity network	1,825	2,005
Other intangible assets	245	504
Tangible assets		
Tangible assets of electricity network	284,351	260,052
Other tangible assets	6,030	5,985
Prepayments and construction in progress	13,330	22,664
Total non-current assets	305,781	291,210
Current assets		
Receivables		
Current receivables		
Cash pool receivables	10	42
Receivables from group companies	1,202	-
Receivables from others	22,522	26,018
Cash and cash equivalents	8,700	9,200
Total current assets	32,434	35,260
Total assets	338,215	326,470

(in EUR thousands)	31 December 2022	31 December 2021
EQUITY AND LIABILITIES		
Equity		
Share capital	4,000	4,000
Retained earnings	16,750	16,683
Profit for the period	48	67
Total equity	20,798	20,750
Appropriations		
Depreciation difference	116,888	96,459
Provisions	102	22
LIABILITIES		
Non-current liabilities		
Non-current interest-bearing liabilities		
To group companies	104,323	82,424
Non-current interest-free liabilities		
Refundable connection fees	61,252	61,362
Liabilities to others	-	102
Current liabilities		
Current interest-bearing liabilities		
To group companies		
Cash pool liabilities	11,980	20,316
Current interest-free liabilities		
To group companies	5,852	23,218
To others	17,020	21,817
Total liabilities	200,427	209,239
Total equity and liabilities	338,215	326,470

KEY FIGURES FOR NETWORK OPERATION

	2022	2021
Average number of personnel during the period	5	6
Investments (capitalisations) (EUR thousand):		
Net investments of electricity network		
Intangible assets	285	233
Tangible assets	40,360	19,669
Other intangible assets	41	24
Other tangible assets	481	1,186
Investments total	41,167	21,112
Return on investment, %	11.9	15.0

The key figure is calculated in accordance with the decision nr 79/2005 9§ issued by the Ministry of Trade and Industry. The decision guides calculation of key figures regarding differentiated operations within the electricity business.

Formula:

$$\frac{(\text{Profit before appropriations and taxes} + \text{interest income and other finance income}) \times 100}{(\text{Total assets} - \text{interest-free liabilities} + \text{leases on electricity network}) \text{ (average on beginning and end of the reporting period)}}$$

The amount of interest included in the rents paid for electricity network is not available, therefore interest is not included in the interest expenses in the numerator.

Signatures to the financial statements and operating and financial review

Espoo, 8 March 2023

Matti Ruotsala
Chairman of the Board

James Adam
Member of the Board

Jouni Grönroos
Member of the Board

Fredrik Lundeborg
Member of the Board

Laura Tarkka
Member of the Board

Jyrki Tammivuori
Managing Director

Auditor's note

An auditor's report based on the audit performed has been issued today.

Espoo, 8 March 2023

Deloitte Oy
Audit Firm

Jonas Vuorela
APA

List of ledgers, types of vouchers and their archiving methods

	Method
Operating and financial review and financial statements	Bound book
Note vouchers	Electronically
Balance specifications	Electronically
Accounting documents	
Income statement and balance sheet	Electronically
General ledger	Electronically
Journal	Electronically
Supporting ledgers	
Trade debtors ledger	Electronically
Trade creditors ledger	Electronically
Payroll accounting	Electronically
Property, plant and equipment	Electronically
Commitments	Electronically
Voucher types	
Bank vouchers	Electronically
Adjusting journal entries	Electronically
Trade debtors ledger	Electronically
Trade creditors ledger	Electronically
Payroll vouchers	Electronically
Ledger of property, plant and equipment	Electronically
Vouchers for travel expenses	Electronically

caruna | We bring electricity to you.

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